



# Bringing business home

Khaled Mohammed Al Badie, vice president of Al Badie Group for Trading & Investments, is a second-generation businessman from Abu Dhabi. Here he tells **Utpal Bhattacharya** why UAE businesses should focus on technology transfer and manufacturing at home.

## Can you tell us how the group got started?

My father established the Al Badie Group in 1967 in Abu Dhabi. It was around that time when the late Sheikh Zayed bin Sultan Al-Nahyan started ruling Abu Dhabi. Sheikh Zayed had lots of big plans for Abu Dhabi and he was very supportive of young locals who were eager to do business. My father was one of those businessmen. He started very modestly in Abu Dhabi and grew by acquiring existing businesses

in the UAE and neighbouring countries and trying to convince people to come to Abu Dhabi.

In the past, we went about building a portfolio of different products and services that were needed in the country. We got into different industries from selling carpets to luxury yachts and furniture. As the years passed, we started to focus. Instead of just sponsoring or becoming agents of companies, we became more active and became partners in joint ventures. In this phase, we

also got into industrial activity and found out that there was more money in after-sales, so we got into servicing. We started by setting up one of the largest carpet manufacturing companies in Abu Dhabi. Then came one of the largest paper mills and other ventures. Today we have a successful medical disposable syringe venture with a German partner. The technology we are using is one of the few in the world. Our product is referred by UNICEF for the next five years.

### **You are a second generation businessman in the family. How have things changed for the family business?**

These are times of more transparency. Also, the availability of new technology makes it much easier to do business. Today we have the 2030 Abu Dhabi master plan. We know where the country is heading, the type of projects that could happen and the budgets to be spent in the next few years. The business environment today encourages us to continue the good work that our parents and the government started in the early 1970s.

### **How important is experience versus formal education in business?**

Experience is very important. Even with a very high level of formal education, you are exposed to serious business risks if you lack experience. When my father started, travelling used to be difficult and time consuming, while exhibitions, internet and email were not there. It's much easier now, but I am privileged that my father is a businessman from whose vast experience I can benefit and use in the modern context with new available tools.

### **What new ideas and strategies have you brought to the table?**

Teamwork. I am against this one-man show. In a war, leaders depend on soldiers. But soldiers need tools to fight battles. My role today is to review existing managers and their requirements to help them do their jobs better. I am especially keen on helping our female managers, who have been with us for many years. I have been assessing their performance and evaluating their training requirements. Sometimes we make the mistake of comparing a newly-graduated person with somebody who has been in an area for 20 years. The comparison can

be unfair, as an existing resource could equal or better a younger person with training.

We also got head hunters involved in the group six years ago. They helped us in recruiting excellent people. Of course, my experience and education allows me to deal with businesses in an updated manner. We have changed a lot in the group over the years. We have also learnt a lot from other successful family companies from all over the world.

### **Do you have a family holding company?**

We established it a few years ago. All members of our family are partners in this company. We have highly skilled professionals running the company. They have been advising very successfully on projects, while the rest of the family has focused on strategic planning for the group.

### **Do you plan to take some of the holding in the group public?**

No, but we might take some of the industrial divisions of the group public. We have been approached by other businessmen and banks that have been interested in becoming partners with us. Maybe in a few years we will dilute parts of these businesses. But these are very early stages, and we are yet to take any decision in that direction. Of course, if we do, it would be for strategic reasons to bring value to our businesses.

### **Your business interests are mainly in Abu Dhabi?**

We are also in Dubai and other GCC and North African countries. However, it has been our policy that being an Abu Dhabi company, we would rather capitalise on our strong relationship and network in the emirate. Of course, if there is an opportunity outside the boundaries of the UAE, we are one of the first to look at it. We have been to Libya, Egypt,

Sudan, Djibouti, Russia and so on. Business has no limits.

Abu Dhabi has remained conservative until recently.

People did blame us in Abu Dhabi for being slow in the past. But look at what is happening in some of the region today. Abu Dhabi was slow, but we proceeded more assuredly. We in the emirate learnt from others' mistakes. The emirate has big plans, but it is focused on getting qualified people and addressing market needs.

I do not think it was a challenge for Abu Dhabi to embark on aggressive property development or other mega industrial projects. But the leadership has always questioned if there was a market for such developments. The approach has been one of only building something that is manageable. I think very few in our neighbourhood really understood the value of this approach.

Abu Dhabi has been focused on developing a strong regulatory infrastructure that today gives a lot of confidence to investors. We have zero corruption in the emirate. Our political ties with everybody are strong and we have no enemies. We have a liberal society and all nationalities can live happily in the emirate. There is no racism and all religions are welcome. There is a long list of positives that make Abu Dhabi a very healthy environment for business.

### **How do you view the economic downturn for your group?**

Crisis also brings opportunities. We believe that the property sector can get sick but will not die. Our only worry right now is to get it right, meaning we want to buy property when the market has bottomed out. We are getting professional advice now and are looking at property both in Dubai and Abu Dhabi. We have a long-term approach in property. We are already exposed to this industry and we are now seeking to expand our asset reach.

---

*"We know where the country is heading, the type of projects that could happen and the budgets to be spent in the next few years. The business environment today encourages us to continue the good work that our parents and the government started in the early 1970s."*

---

Khaled Mohammed Al Badie



*"It is very important to change from showrooms to factories now. It is time for Emiratis to be part of the learning curve and manufacture their own products. We should stop bringing products from all over the world and showcase them in our showrooms."* Khaled Mohammed Al Badie

We are also studying downstream petrochemical projects, particularly in Libya. We are looking at alternative energy and could get into manufacturing wind turbines. We are undertaking feasibility studies on this particular project. If we find it to be right, then we will go and set up a facility in Australia.

#### **How are you coping at a time when banks are not lending to businesses globally?**

You cannot blame banks for not lending. Banks are short of liquidity, while big global names have become bankrupt. The UAE central bank has been dealing with the issue on a priority basis.

We do have a problem in the country, where the property sector has been hit badly. On one hand, you have all these projects that developers want to sell, but on the other hand, mortgages are not available. This creates an unbalanced

economy. But then, it is a global issue, a global crisis.

For us, as a business, we have had relationships with most of the local and international banks located in the UAE since the late 1960s. Most of these banks have already written to us that they are still willing to do business. Even as this crisis rages on, they are not changing any of our credit limits. This is an honour for us, and the reason for this is my father, who has always been a very conservative man. His approach has been one of managed risk; he believes in sharing risks with partners and does not go into business alone. He likes to invite other partners; elite businessmen in Abu Dhabi sharing the same vision. We do not want to be greedy and eat the whole cake, but at least if there is a risk or a downturn, you will not carry it alone. You will share it with others.

#### **How long do you think the downturn will continue?**

I wish you could tell me. People are saying between a year and two. Some are asking the government to invest money now to prop things up. This is not a solution; it is temporary aid. We should allow the market to heal itself from the excesses.

From our experience and relationship with decision makers in the UAE, I think that all the major infrastructure work undertaken will be completed as per the plan. What might be curtailed or postponed are some of the large hotel projects or big developments, as it will take some time before demand can come back.

What has happened is a lesson for everybody. We should learn from it and think through things before building capacity. It is also a time for companies to review and revise their plans. I think we will see companies merging to create large, new entities. It is only healthy if two strong companies merge and create a stronger asset book.

#### **Where do you see mergers happening?**

Banking and aviation are two strong candidates. Even if mergers do not happen, the very fact that a dialogue is taking place is a good thing. We do not need competition within the country; we should not compete with each other.

#### **What should businesses do now?**

It is very important to change from showrooms to factories now. It is time for Emiratis to be part of the learning curve and manufacture their own products. We should stop bringing products from all over the world and showcase them in our showrooms. Why don't we manufacture suits and furniture? There is nothing to stop us.

We need partners from all over the world, but we need to move the technology from overseas to the UAE. This needs time, but that's the way to go.

Recently, I participated in an exhibition in Dubai on plastics. I was surprised when I found out how many factories in Dubai and Abu Dhabi were buying from Abu Dhabi's Borouge to manufacture products like pipes, cables, etc. Why don't we apply the same model to other industries?

#### **Are you focusing on manufacturing too?**

We are. We are also talking to a number of companies that want to create manufacturing or assembly lines in Abu Dhabi. We are looking at heavy vehicles, and if we do go ahead with the renewable energy project, we will have part of the factory in Abu Dhabi and part in Australia.

#### **What are the benefits of manufacturing in Abu Dhabi?**

The location of Abu Dhabi is an advantage, while energy and labour prices are cheaper. We also have access to water near factory locations, and that makes logistics cheaper. Besides, our government supports local manufacturing. There is a law that even if prices from a local manufacturer are higher by 10 per cent, government clients are to buy from local manufacturers.

#### **What is your view on the GCC common market?**

It will help to stabilise prices across the GCC markets. Competition is always healthy. We have already seen that monopolies cannot take the lead in any market. A GCC common market would help businesses to learn from each other across the region. For us, it would mean that we will be able to sell our carpets in Saudi Arabia and other GCC countries.